

Message Text

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PAGE 01 TOKYO 12109 050751Z
ACTION ARA-14

INFO OCT-01 EUR-12 EA-10 ISO-00 SP-02 ICA-11 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-07 OMB-01 CEA-01
CIAE-00 FRB-03 INR-10 NSAE-00 XMB-02 OPIC-03
LAB-04 SIL-01 DODE-00 PM-05 H-01 L-03 PA-01 /125 W
-----018840 050755Z /16

R 050744Z JUL 78
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9297
INFO USDOC WASHDC
USINT HAVANA
AMCONSUL OSAKA KOBE
AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 12109

E.O. 16652: GDS
TAGS: EFIN, CU, JA
SUBJECT: JAPANESE LOAN FOR CUBA

REF: (A) HAVANA 1758, (B) 76 TOKYO 14264

1. SUMMARY: MOFA OFFICIAL CONFIRMED FACT OF PRIVATE
JAPANESE LOAN OF YEN FIVE BILLION TO CUBA, BUT INFORMED
US THAT SUCH LOANS ROUTINELY ARE NOT CLEARED WITH MOFA.
HE LEFT IMPRESSION THAT CUBAN POLICIES AND BEHAVIOR,
EXCEPT IN ECONOMIC FIELD, WEIGH LITTLE IF AT ALL IN
JAPANESE DECISIONS ON CREDITS TO CUBA. END SUMMARY.

2. EMBOFF DISCUSSED WITH MOFA REGIONAL SPECIALIST YEN
LOAN TO CUBAN CENTRAL BANK BY PRIVATE JAPANESE GROUP
(SEVEN TRUST BANKS AND SIX INSURANCE COMPANIES) RECENTLY
PUT TOGETHER BY SUMITOMO TRUST. MOFA OFFICIAL CONFIRMED
FACT THAT SUCH A YEN LOAN HAD BEEN AGREED UPON IN AMOUNT
FIVE BILLION YEN (JUST UNDER DOLS TWENTY FIVE MILLION).
HE ADDED IN CONFIDENCE THAT MATURITY IS TEN YEARS INCLUD-
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PAGE 02 TOKYO 12109 050751Z

ING FIVE YEARS' GRACE AND THAT (CONTRARY CUBAN ASSERTIONS
REPORTED REF B) INTEREST RATE IS 7.8 PERCENT FOR 360
DAY PERIOD, OR 7.9 PERCENT IF COMPUTED ON CALENDAR YEAR
BASIS.

3. MOFA OFFICIAL SAID LOAN WAS CLEARED BY MINISTRY OF
FINANCE BUT WAS NOT DISCUSSED WITH MOFA PRIOR TO AGREE-

MENT. THIS, HE SAID, IS STANDARD PROCEDURE UNDER FOREIGN EXCHANGE ACT. (COMMENT: REF B REPORTED MOFA STATEMENT THAT NOT EVEN FORMAL MOF CLEARANCE WAS REQUIRED AS OF LATE 1976.) HE ADDED THAT IN CURRENT FINANCIAL CLIMATE, JAPANESE FINANCIAL ORGANIZATIONS ARE COMPETING VIGOROUSLY (AND OF COURSE SECRETIVELY) FOR BORROWERS, SO THAT IT IS NATURAL FOREIGN MINISTRY SHOULD NOT HAVE HEARD OF PROPOSAL IN ADVANCE.

4. MOFA OFFICER LEFT IMPRESSION, HOWEVER, THAT EVEN HAD MOFA KNOWN OF IMPENDING LOAN, IT WOULD HAVE MADE NO SERIOUS OBJECTION. HE NOTED FAMILIAR GOJ VIEW THAT IT IS BY AND LARGE BETTER TO MAINTAIN COMMUNICATION WITH A COUNTRY THAN TO ISOLATE IT. EMBOFF OBSERVED WE ARE PURSUING FORMER COURSE BUT WITHOUT OFFERING LARGE LOANS IN THE BARGAIN. MANSFIELD

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Disposition Approved on Date:
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